

Message Text

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PAGE 01 CARACA 03599 172141Z
ACTION ARA-14

INFO OCT-01 ISO-00 SOE-02 AID-05 CEA-01 CIAE-00
DODE-00 EB-08 DOE-15 H-01 INR-10 INT-05 L-03
NSAE-00 NSC-05 OMB-01 PM-05 ICA-11 OES-07 SP-02
SS-15 STR-07 TRSE-00 ACDA-12 /130 W
-----049849 180732Z /17

R 171931Z APR 78
FM AMEMBASSY CARACAS
TO SECSTATE WASHDC 1965
INFO USDOC WASHDC

C O N F I D E N T I A L CARACAS 3599

E.O. 11652: GDS
TAGS: ENRG BENC VE
SUBJECT: MAJOR PROJECTS: AMUAY REFINERY

REF: CARACAS 2238

1. EMBASSY HAS NOW BEEN ADVISED THAT THE MINISTRY OF ENERGY AND MINES APPROVED THE PROJECT FOR THE UPGRADING OF LAGOVEN'S AMUAY REFINERY IN LATE MARCH AND THE CONTRACT AWARDED THE DETAILED ENGINEERING AND CONSTRUCTION OF THE PROJECT WAS SIGNED WITH FLUOR ENGINEERING ON OR ABOUT MARCH 30. EXXON'S CONTRACT TO PROVIDE BASIC DESIGN AND SUPERVISION FOR THE PROJECT WAS APPARENTLY SIGNED EARLIER IN THE YEAR. COST OF THE PROJECT IS NOW ESTIMATED AT \$770 MILLION.

2. WE HAVE ALSO BEEN ADVISED THAT FLUOR ANNOUNCED THE SIGNING OF THIS CONTRACT A WEEK OR TWO AGO IN THE U.S. TO OUR KNOWLEDGE, THIS HAS NOT BEEN REPORTED LOCALLY, AND IF PAST PRACTICE HOLDS, WILL NOT BE PUBLICIZED HERE.

3. WE UNDERSTAND THAT FLUOR, AS THE PRIME CONTRACTOR,
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WILL HAVE A MAJOR ROLE IN SELECTING SUPPLIERS OF EQUIPMENT. IN ITS INITIAL REQUEST FOR BIDS, LAGOVEN REPORTEDLY ESTIMATED THAT 33 PERCENT OF THE EQUIPMENT WOULD COME FROM LOCAL SOURCES, 20 PERCENT FROM THE U.S. AND THE REMAINDER WOULD BE OBTAINED THROUGH WORLD WIDE BIDDING. SOURCES IN PETROLEOS AND LAGOVEN NOW ADVISE US THAT THE ESTIMATE OF 33 PERCENT FROM LOCAL SOURCES

MAY HAVE BEEN SLIGHTLY HIGH, THAT THE 20 PERCENT ATTRIBUTED TO U.S. SOURCES WOULD CONSIST PRIMARILY OF INSTRUMENTATION/CONTROLS AND ROTARY EQUIPMENT (PUMPS, COMPRESSORS, ETC) WHICH LAGOVEN WOULD INSIST BE PROCURED FROM KNOWN U.S. SUPPLIERS WITHOUT PUBLIC BIDDING AND THAT THE REMAINING EQUIPMENT WOULD BE PROCURED THROUGH AN OPEN BIDDING PROCESS TAKING INTO ACCOUNT PRICE, QUALITY AND DELIVERY DATES. THE WORDING OF LAGOVEN'S INITIAL ESTIMATE OF THE BREAKDOWN OF PROCUREMENT AMONG SOURCES RAISED A QUESTION AS TO WHETHER U.S. SUPPLIERS MIGHT BE EXCLUDED FROM THE FINAL CATEGORY. WE HAVE CHECKED THIS POINT WITH OFFICIALS OF LAGOVEN AND PETROLEOS WHO HAVE CONFIRMED THAT U.S. SUPPLIERS WILL REPEAT WILL BE ELIGIBLE TO COMPETE FOR THE ESTIMATED 47 PERCENT OF THE EQUIPMENT WHICH WILL BE PURCHASED BY WORLD WIDE BIDDING.
VAKY

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM PRODUCTION, REFINERIES, CONTRACTS
Control Number: n/a
Copy: SINGLE
Draft Date: 17 apr 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978CARACA03599
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780165-0547
Format: TEL
From: CARACAS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780450/aaaabqqa.tel
Line Count: 79
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 3bfe27ad-c288-dd11-92da-001cc4696bcc
Office: ACTION ARA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 78 CARACAS 2238
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 18 jul 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2950704
Secure: OPEN
Status: NATIVE
Subject: MAJOR PROJECTS: AMUAY REFINERY
TAGS: ENRG, BENC, EINV, VE, EL PALITO PROJECT
To: STATE
Type: TE
vdkgvwkey: odhc://SAS/SAS.dbo.SAS_Docs/3bfe27ad-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014